

Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 SAJ-01 CIAE-00 DODE-00 PM-04 H-01
INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15
USIA-06 EB-07 COME-00 TRSE-00 OPIC-03 XMB-02 /068 W
-----201518Z 112282 /43

R 200812Z JAN 77

FM AMCONSUL HONG KONG

TO SECSTATE WASHDC 3482

INFO USLO PEKING

MEMBASSY TOKYO 742

AMEMBASSY TAIPEI

AMEMBASSY SINGAPORE

C O N F I D E N T I A L HONG KONG 00824

NOFORN

E.O. 11652: XGDS-1

TAGS: EFIN ETRD CH

SUBJECT: POSSIBLE CHANGES IN PRC TRADE FINANCING

REF: PEKING 123

1. RECENT INDICATIONS POINT TO PRC CONSIDERATION OF NEW APPROACHES TO TRADE FINANCING. TA KUNG PAO PUBLISHER FEI I-MIN, AT A RECENT MEETING WITH WEST GERMAN CONGENOFFS, DISCLOSED THAT THE QUESTION OF ACCEPTING FOREIGN "CREDITS" IS CURRENTLY UNDER DISCUSSION IN PEKING, BUT THAT AT PRESENT CHINA WILL CONTINUE TO ACCEPT ONLY "DEFERRED PAYMENTS". IN LIGHT OF FEI'S DISCLOSURE, REFTEL'S REPORT OF A PRC REQUEST FOR SEVEN YEAR DEFERRED PAYMENTS IN CONNECTION WITH THE PURCHASE OF A PETROCHEMICALS PLANT TAKES ON ADDED SIGNIFICANCE, AS IT IS AN APPARENT DEPARTURE FROM PAST PRACTICE IN WHICH FIVE YEARS WAS THE MAXIMUM DEFERRED PAYMENT PERIOD.

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2. FURTHER SIGNS OF LEADERSHIP DEBATE ABOUT THE ROLE OF INTERNATIONAL CREDIT CAN BE INTERPRETED FROM DIFFERENCES IN TREATMENT OF THE SUBJECT IN RECENT STATEMENTS BY THE CHINA COUNCIL FOR THE PROMOTION OF INTERNATIONAL TRADE (ER 1 HK 0283), AND BY THE MINISTRY OF FOREIGN TRADE (NCNA JAN 13). WHILE BOTH ARTICLES REFER TO CHINA'S POSITION ON ACCEPTANCE OF FOREIGN LOANS IN

STANDARD TERMS, CCPIT IS UNNECESSARILY STRIDENT IN TONE, STRESSING THAT CHINA "DEFENITELY" WILL NOT "ACCEPT FOREIGN LOANS" (THUS GIVING THE IMPRESSION THAT IT MAY HAVE BEEN PROPOSED). THE FT MINISTRY SIMPLY STATES THAT IT WILL NOT "BEG" FOR SUCH LOANS.

3. COMMENT: IT WOULD APPEAR THAT THE PRC IS REVIEWING ITS POLICY ON FOREIGN CREDIT, AND THAT MODEST DEPARTURES FROM PAST PRATICE ARE ALREADY BEING MADE. BY CONTRAST, THE RECENT PRC TURNDOWN OF AN FRG CREDIT OFFER (76 BONN 5675) SERVES AS A REMINDER OF IDEOLOGICAL RESTRAINTS AND SUGGEST THAT ANY PRC MOVEMENT TOWARD NORMAL INTERNATIONAL FINANCIAL PRATICE WILL BE LIMITED IN NATURE.
CROSS

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Message Attributes

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Control Number: n/a
Copy: SINGLE
Sent Date: 20-Jan-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
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Disposition Date: 22 May 2009
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TAGS: EFIN, ETRD, CH
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